

David K. Broadbent, #0442
Doyle S. Byers, #11440
Cory A. Talbot, #11477
HOLLAND & HART LLP
222 S. Main Street, Suite 2200
Salt Lake City, UT 84101
Telephone: (801) 799-5800
Facsimile: (801) 799-5700

*Attorneys for Gil A. Miller as Court-Appointed
Receiver*

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF UTAH, CENTRAL DIVISION**

<p>SECURITIES AND EXCHANGE COMMISSION, Plaintiff, vs. MANAGEMENT SOLUTIONS, INC., a Texas Corporation; WENDELL A. JACOBSON; ALLEN R. JACOBSON, Defendants.</p>	<p>FINAL REPORT Civil Action No. 2:11-cv-01165 Judge Bruce S. Jenkins</p>
--	--

Gil A. Miller, the Court-appointed receiver (the “Receiver”), submits this Report pursuant to the Court’s December 26, 2018 Order Granting Final Application for Compensation and Reimbursement of Expenses for Receiver and Court-Approved Professionals (CM/ECF No. 3483) (the “Fee Order”) and the Court’s May 31, 2019 Order Denying Motion Requesting (1) the Receiver’s Satisfactory Explanation and Supporting Documentation in Connection with His Collection of Reserve Funds, (2) Authorization for Subpoenas of Third Parties, and (3) an

Independent Audit and Order Terminating Receivership and Closing Action (CM/ECF No. 3521) (the “Final Order”).

REPORT

I. The Receiver has now resolved receivership litigation that continued after the Final Order.

The Court’s Final Order did not end receivership litigation. First, intervenors Eric Welling and Pheasant Wood, LLC appealed the Final Order, arguing that the Court should not have entered that Order without requiring a detailed cost-benefit analysis of claims the Receiver had asserted against third parties. The Tenth Circuit rejected that argument, affirmed the Court’s Final Order, and issued its mandate on October 13, 2020. (See CM/ECF Nos. 3590 & 3590-1.)

Second, shortly after the Court entered its Final Order, defendants Wendell and Allen Jacobson sent the Receiver a draft complaint asserting claims against the Receiver and the Court-appointed professionals David N. Bateman and Rocky Mountain Advisory, LLC. The Receiver then filed ancillary litigation, *Miller, et al. v. Wendell Jacobson, et al.*, Case No. 2:19-CV-00956-BSJ, to enjoin the Jacobsons’ threatened litigation. The Jacobsons nevertheless filed their complaint in state court, *Wendell Jacobson, et al. v. Miller, et al.*, Case No. 190909606. The Receiver removed that case to this Court, *Wendell Jacobson, et al. v. Miller, et al.*, Case No. 2:20-cv-00013-BSJ, where it was consolidated with the Receiver’s ancillary litigation. Following extensive procedural, substantive, and discovery-related motion practice, the parties agreed to dismiss the litigation, which the Court approved on January 13, 2021. (See CM/ECF No. 76 in Case No. 2:19-CV-00956-BSJ.)

II. The Receiver is prepared to disburse the remaining receivership proceeds.

As of the filing of this Final Report, the estate currently has a cash balance of approximately \$401,694.67. Attached hereto as Exhibits A, B, and C are the invoices for the Receiver, RMA, and H&H, respectively, for fees and costs incurred since the payment of fees and costs that were approved by the Final Order.¹ The Receiver has made disbursements mostly in the payment of professional fees and costs dealing with the appeal and the litigation with the Jacobsons discussed above. All fees and costs paid by the Receiver were submitted to, and approved by, the SEC.

The Receiver is prepared to disburse the remaining funds of the Estate as follows:

- Anticipated Professional Fees and Costs:
 - Receiver: Fees totaling \$3,017.50. This amount includes a future fee estimate of \$2,125.00 for services to be rendered in connection with attendance at any hearing related hereto, the preparation of the final distributions, reviewing and signing final tax returns, dealing with creditor correspondence and issues, etc.
 - RMA: Fees totaling \$4,575.50 and costs totaling \$520.93. This amount includes a future fee estimate of \$4,525.00 for services to be rendered in connection with attendance at any hearing related hereto, the preparation of the final distributions, preparation and review of final tax returns and 1099s, dealing with creditor and IRS correspondence and issues, etc.

¹ The invoices for the Receiver and RMA include amounts for March, 2021, and future anticipated amounts that have not be paid.

- H&H: H&H estimates that the fees and costs incurred for the preparation of this Final Report, and the attendance at any hearing related thereto, will be approximately \$2,000.
- Pursuant to the Final Order, the Receiver will pay in advance for two years of storage and the eventual destruction of MSI documents stored at Iron Mountain, which will be approximately \$7,124.04.
- Following the payment of the forgoing amounts, the Receiver will pay the balance of the funds in the estate to the Class 6 Claimants on a pro rata basis, resulting in a return of approximately 53% of allowed claims to Class 6 Claimants. Class 6 Claims total \$728,239. The Receiver anticipates the amount to be available for distribution to Class 6 to be approximately \$384,456.70.

With the distributions described above, all of the assets of the receivership will be fully distributed, and the receivership will be terminated.

DATED this 26th day of March, 2021.

HOLLAND & HART LLP

/s/ Doyle S. Byers

David K. Broadbent

Doyle S. Byers

Cory A. Talbot

Attorneys for Gil A. Miller, Receiver

for Management Solutions, Inc., Wendell

A. Jacobson and Allen R. Jacobson

INDEX OF EXHIBITS

A - Receiver invoices.

B - RMA invoices.

C - H&H invoices.

16028624_v1